

Message Text

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ORIGIN EB-07

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TREASURY:DSYVRUD
EUR/CE:JHURLEY

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FM SECSTATE WASHDC
TO AMEMBASSY BERN
INFO AMEMBASSY LISBON

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E.O. 11652: N/A

TAGS: EFIN, PO, SZ

SUBJECT: FINANCIAL ASSISTANCE FOR PORTUGAL

REF: PARIS 18443 BERN 2724

1. EMBASSY IS REQUESTED TO APPROACH HOST GOVERNMENT
TO EXPRESS U.S. APPRECIATION OF FORTHCOMING SWISS POSITION
ON ASSISTANCE TO PORTUGAL AND TO URGE GOS TO PROVIDE AN
AMOUNT AT THE UPPER END OF THE RANGE WHICH WE UNDERSTAND
IS UNDER CONSIDERATION IN BERN (\$30-40 MILLION).

2. THE U.S. IS PLEASED AT THE OUTCOME OF THE JUNE 22
MEETING AND THE DEMONSTRATED COOPERATION OF THE INDUSTRIAL
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DEMOCRACIES TO SUPPORT DEMOCRATIC CONSOLIDATION AND ECO-
MONIC STABILIZATION IN PORTUGAL.
WE APPRECIATE CONTINUED SWISS
SUPPORT OF THE PROPOSED LE ING ARRANGEMENT. AT THE
JUNE 22 MEETING, HOWEVER, SWISS REPRESENTATIVE INDICATED
THAT GOS IS CONSIDERING REDUCING THE AMOUNT OF ITS PRO-
POSED CONTRIBUTION FROM \$40 TO 30 MILLION. IN VIEW OF

THE RECOGNIZED MAGNITUDE OF PORTUGAL'S FINANCING REQUIREMENTS OVER THE NEXT 18 MONTHS, WE WOULD HOPE THE GOS COULD BE HELPFUL AND DECIDE TO CONTRIBUTE THE \$40 MILLION OF THEIR ORIGINAL PROPOSAL.

3. AT A JUNE 22 LUNCHEON WE HOSTED FOR SWISS, JAPANESE, AND PORTUGUESE REPRESENTATIVES, SWISS REPRESENTATIVE CONTINUED TO QUESTION WHETHER THE PROPOSED U.S. \$300 MILLION CONTRIBUTION TO THE INTERNATIONAL LENDING EFFORT WAS RELATED TO THE EARLIER \$300 MILLION EXCHANGE STABILIZATION FUND CREDIT. U.S. REPRESENTATIVES RENEWED OUR ASSURANCES THAT THE TWO CREDITS ARE UNRELATED. SWISS WERE ALSO CONCERNED THAT ESF WOULD NOT BE ROLLED OVER WHEREAS GOLD-COLLATERAL LOANS FROM EUROPEAN CENTRAL BANKS MAY BE. ON THIS POINT WE STRESSED THAT IN LIGHT OF TOTAL, SUBSTANTIAL U.S. ASSISTANCE TO PORTUGAL OVER RECENT YEARS, THERE IS A BASIS FOR VIEWING THE U.S. AS BEING IN A "PREFERRED" STATUS IN TERMS OF ITS NET CONTRIBUTION TO PORTUGUESE NEEDS. IN THIS REGARD, THE SWISS REPRESENTATIVE INQUIRED AS TO TOTAL AMOUNT OF U.S. ASSISTANCE TO PORTUGAL. YOU MAY, THEREFORE PROVIDE THE GOS THE FOLLOWING TABLE SHOWING ASSISTANCE PROVIDED FROM FY 1975 THROUGH PROPOSED ASSISTANCE FOR FY 1978. THE U.S. ALSO INTENDS TO OFFER CCCCREDITS IN FY 1978, BUT THE CCC BUDGET HAS NOT YET BEEN APPROVED BY OMB SO ANY ESTIMATES WOULD BE TENTATIVE.

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U.S. ECONOMIC ASSISTANCE TO PORTUGAL
(FY '75-78)
(IN \$ MILLION)

	FY 1975	FY1976	FY1977	FY1978	TOTAL
(ACTUAL) & TO (PLANNED) (PROPOSED)					
(ACTUAL)					
1.SUPPORTING ASSISTANCE	15	55	65	-	135
2.HOUSING INVESTMENT GUARANTEES	20	-	20	-	40
3.FOOD AID	-	25	50	30	105
4.CCC CREDITS	-	57	136	-	193
(115)					
5.ANGOLA AIRLIFT GRANT (FALL, 1975)	-	7.5	-	-	7.5

6.EXIMBANK LOANS

& GUARANTEES 24 - - - 24

7.SPECIAL BALANCE

OF PAYMENTS

ASSISTANCE - - - 300 300

TOTAL 59 144.5 271 330 805
(197)

ADDITIONALLY, THE U.S. TREASURY DEPARTMENT AND THE BANK OF
PORTUGAL AGREED ON FEBRUARY 11, 1977 ON A \$300 MILLION LINE
OF CREDIT FROM THE U.S. EXCHANGE STABILIZATION FUND.
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IN COLUMN FOR FY 1977 AMOUNTS LISTED IN ITEMS 2 AND 3 AND
IN PARENTHESIS UNDER ITEM 4 AND THE TOTAL REPRESENT AMOUNTS
FOR FY 1977 AGREEMENTS SIGNED TO DATE. CHRISTOPHER

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Message Attributes

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Copy: SINGLE
Sent Date: 01-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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